

Message Text

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51

ACTION EUR-25

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 STR-08 CEA-02 SCI-06

SCEM-02 INT-08 DODE-00 PM-07 H-03 L-03 NSC-10 PA-04

PRS-01 SS-20 USIA-15 NEA-10 DRC-01 /202 W

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R 271201Z DEC 73

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 512

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY TH HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY ROME

USMISSION EC BRUSSELS

C O N F I D E N T I A L PARIS 32840

E.O. 11652: GDS

TAGS: ENRG EGEN FR

SUBJECT: VIEWS OF FRENCH OFFICIAL ON ENERGY PROBLEM

REF: PARIS 32810

1. IN THE CONVERSATION WITH ECON/COM MIN REPORTED REFTEL, BERNARD, DEPUTY SECRETARY GENERAL OF THE ELYSEE, COMMENTED AT LENGTH ON THE ENERGY PROBLEM. HE TERMED THE RECENT INCREASE IN THE PRICE OF GULF CRUDE ALARMING. ALTHOUGH THE GOF HAD NOT YET HAD TIME TO DO A SYSTEMATIC STUDY OF ITS CONSEQUENCES ON THE FRENCH ECONOMY, ONE COULD BE SURE THEY WOULD BE SERIOUS. HE SAID HE WAS PARTICULARLY
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CONCERNED ABOUT THE BALANCE OF PAYMENTS EFFECTS AND FEARED

EUROPE WAS HEADED FOR A PERIOD OF BALANCE OF PAYMENTS DEFICITS. THE IMPLICATIONS OF ALL THIS FOR THE INTERNATIONAL MONTARY SYSTEM NEEDED TO BE STUDIED.

2. ECON/COM MIN ASKED WHETHER IN THIS CONTEXT THE GOF HAD REACHED A POSITION ON SECRETARY KISSINGER'S PROPOSAL ON AN ENERGY ACTION GROUP. BERNARD REPLIED "NOT YET". HE SAID THERE WERE TWO POSSIBLE OBJECTIONS TO THIS PROPOSAL. IN THE FIRST PLACE IT WOULD BE WRONG TO CREATE THE IMPRESSION OF A KIND OF HOLY ALLIANCE OF THE RICH COUNTRIES LINED UP AGAINST THE SO-CALLED POOR COUNTRIES. IN THE SECOND PLACE WHAT COULD A CONCERT OF CONSUMING COUNTRIES AGREE ON? PRESUMABLY ONLY THAT THEY WOULD REFUSE AS A GROUP TO PAY WHAT THE CONSIDERED TO BE AN UNREASONABLE PRICE FOR ARAB OIL. BUT WHAT KIND OF REACTION MIGHT THAT PROVOKE ON THE PART OF THE ARAB GOVERNMENTS? MIGHT THIS NOT MAKE MATTERS WORSE RATHER THAN BETTER? BERNARD SAID THAT THE ARABS WOULD FIND IT DIFFICULT TO MAINTAIN THEIR NEW-FOUND UNITY. BUT A UNITED FRONT OF CONSUMER GOVERNMENTS MIGHT FORCE THEM TO STICK TOGETHER IN SELF DEFENSE.

3. ECON/COM MIN REPLIED THAT COOPERATION AMONG CONSUMING GOVERNMENTS COULD TAKE OTHER FORMS THAN A KIND OF TRADE UNION DESIGNED TO BRING PRESSURE ON THE ARABS. ON THE CONTRARY, WHAT WE HAD IN MIND WAS A COOPERATIVE VENTURE WHICH WOULD WORK ON ALL ASPECTS OF THE ENERGY PROBLEM, INCLUDING RESEARCH AND DEVELOPMENT, MORE EFFECTIVE USE OF EXISTING RESOURCES AND MUTUALLY BENEFICIAL AGREEMENTS ON INVESTMENT AND LONG TERM SUPPLY ASSURANCES WITH THE PRODUCER GOVERNMENTS. THE IMPORTANT THING WAS TO AVOID THE BIDDING UP OF PRICES AND OTHER TERMS THAT WOULD RESULT IF EVERY CONSUMING GOVERNMENT TRIED TO LOOK AFTER ITS OWN INTERESTS.

4. BERNARD SAID THAT THIS WAS A SENSIBLE APPROACH. BEFORE TAKING A DECISION, HOWEVER, THE CONSUMING GOVERNMENTS WOULD HAVE TO ASK THEMSELVES WHETHER THEY WOULD BE BETTER OFF WITH RATHER THAN WITHOUT SUCH A CONCERTED APPROACH AND, ASSUMING THEY AGREED ON COOPERATION, WHAT KIND OF BI-LATERAL RELATIONS THEY WOULD STILL BE ABLE TO HAVE WITH THE ARAB

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GOVERNMENTS. HE SAID IT WAS IMPORTANT THAT EVEN WITHIN AN OVERALL FRAMEWORK OF COOPERATION, VARIATIONS IN THE BI-LATERAL RELATIONS OF INDIVIDUAL GOVERNMENTS WITH THE ARABS SHOULD BE TOLERATED. NONETHELESS WE WERE RIGHT NOT TO LEAVE THE INITIATIVE ENTIRELY IN THE HANDS OF THE ARABS. THE GOF HAD NOT YET SAID YES OR NO TO SECRETARY KISSINGER'S PROPOSAL. THEY BELIEVED THAT A PROPOSAL AS SERIOUS AS THIS SHOULD NOT BE ANSWERED IN

HASTE BUT HE COULD ASSURE US THAT THE GOF WAS GIVING IT
THE MOST SERIOUS CONSIDERTION.
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